

Large Procurements

History

Large procurements assessed the standard burden rates assume a disproportionate share of the indirect pools. In order to remedy this inequity, a Large Procurement policy was developed and the Disclosure Statement was modified accordingly.

Policy

A single procurement that is \$2,000,000 or greater will be charged only the standard material burden rate in effect on the first \$2,000,000. The procurement amount, other than purchased capital equipment, will be assessed traditional G&A only on the first \$2,000,000. The material burden assessed on the first \$2,000,000 will be assessed the full G&A.

Procurement of purchased capital equipment will continue to be exempt from G&A on the capital equipment item purchased. However, the first \$2,000,000 of the purchased capital equipment will be assessed the standard material burden rate in effect. The material burden assessed on the first \$2,000,000 will be assessed the full G&A.

Since the automated systems will calculate the burdens on the amount charged to a project, a journal voucher entry will be made to reduce any application of burdens beyond the \$2,000,000 level.

Because of the complexities involved in executing this policy, only those procurements that qualify for the special handling on the original transaction will receive this treatment for indirect costs.

Note: prior to October 1, 2011, the large procurement threshold was \$600,000. Original Contracts approved prior to October 1, 2011, are grandfathered at the \$600,000 thresholds.

Change orders will be reviewed to determine appropriate treatment and threshold.